

OFFICE OF THE TREASURER

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**Double Bottom Line Investment Returns**

During his term of office, Treasurer Phil Angelides has supported investments that meet the Double Bottom Line – earning solid returns for taxpayers and pensioners while also broadening economic opportunity in California’s communities. Investment returns are not yet available for many “Double Bottom Line” investment initiatives as they are just getting under way. However, returns are available for some of the more established programs:

- The Pooled Money Investment Account (PMIA), managed by the State Treasurer’s Office, has invested more than \$1.3 billion in Community Reinvestment Act (CRA) loans, which are home loans made to low- and moderate-income Californians or in low- and moderate-income neighborhoods, backed by Fannie Mae and Freddie Mac. The PMIA’s purchase of these CRA loans provides new capital to lenders, allowing them to make additional loans to California homeowners. These investments are currently yielding more than 6.43% annually.
- The PMIA has invested \$319 million in small business loans made in California. These loans have yielded from 1.5% to more than 7% annually.
- The PMIA has increased its deposits – from approximately \$1.9 billion (as of January 1999) to \$5.4 billion in March 2003 – in California community lending institutions and credit unions, many serving inner city and rural areas. These deposits are currently yielding 1.34%, and typically yield between three and ten basis points (.03% to .1%) higher than comparable Treasury securities in which these funds otherwise may be placed. The deposits are fully collateralized.
- The California Urban Investment Partnership, which is part of the California Public Employees’ Retirement System’s (CalPERS’) overall commitment to inner city real estate development, has earned an annualized return of 9.7% since its inception in 1996. CalPERS’ original investment of \$50 million in this program has been significantly increased.

In 2002, we saw positive returns on our urban investments while the S & P 500 Index fell by 22 percent.